

# THE PLANNING OF A CUSTOMER RELATIONSHIP MANAGEMENT PROJECT: REQUIREMENTS AND OPPORTUNITIES

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## *Abstract:*

*After a brief presentation of the aspects regarding the planning of a customer relationship management (CRM) project, we emphasize the factors that assure the success of such an approach. In order to obtain the attended results, an organization needs the best selection of the project manager and the most efficient teamwork, which implies employees from the company's departments and also IT specialists. In the final part, we made appreciations concerning the efficiency of a CRM project and the opportunities created by its implementation.*

*Keywords: customer relationship management project, business strategies*

## **General considerations concerning the planning of a CRM project**

The planning of a CRM project supposes the realization of a real partnership between the top management of a company and its stakeholders, those interests consist of the maintenance and the development of customer relationships.

One of the most difficult tasks in a CRM project launching is the definition of the factors that assure its success. A research managed by Yancy Oshita, Senior Manager of Oracle and Professor of Dayton University, U.S.A., emphasizes the main successfully principles of a CRM project [1]:

- the ability of the CRM project manager to adapt its objectives to the global strategy of the company;
- the integration of CRM technologies in the Enterprise Resource Planning (ERP) information system;
- the instauration of a strategic partnership based on the multiplication of the interactions between a company and its customers;

- the quick assimilation of the knowledge by the team project members that participate to training programs.

The initial challenge that determines the implementation of a CRM project in an organization can be outlined in the following three situations.

The general manager of a company reads a book in CRM domain, appreciates the benefits of this business philosophy and wants to adapt such an approach to its business;

A marketing manager comes back from a conference which main topic is CRM and is impressed by a study case that revealed different techniques referring to the augmentation of customers' profitability;

A product manager participates to a presentation of software which insures the sales force automation and is fascinated by its capabilities to increase the sales volume and customer loyalty.

The project management in CRM automation processes implies both a planning of the objectives and the surveillance of the specific activities, based on the following tasks: the definition of the resources, the

allocation of the resources to the planning activities, the registration of the project development on stages, the comparison between real situations and forecasted ones and the application of several constraints in order to finalize the project before the deadline, without complementary costs.

The most important rules that assure the success of CRM projects are: [2]

- the existence of a business philosophy centered on customers and its communication to all the employees;
- the establishment of realistic objectives and deadlines;
- the development of training programs for all the members of the CRM project team, coordinated by the project manager and which create a proactive attitude towards the clients;
- the selection of the most adequate person for project manager, which must have relational and management abilities;
- the recurrent check of the feedback provided by customers on the actions developed by the company;
- the usage of an information infrastructure as a support for the CRM project management and not as a substitute of its effective planning.

In the organizational structure of the company that applies a CRM project there are temporary changes, supposing a specific matrix structure, the main advantage consists of the reunion of specialized competences from different domains. A distinct characteristic of the matrix reveal the multiple subordination of the team work members from different departments. [3]

### **The contribution of CRM projects to the success of a business strategy**

The contribution of CRM projects to the success of a business strategy focalized on the total customer satisfaction is emphasized in figure 1. [4]

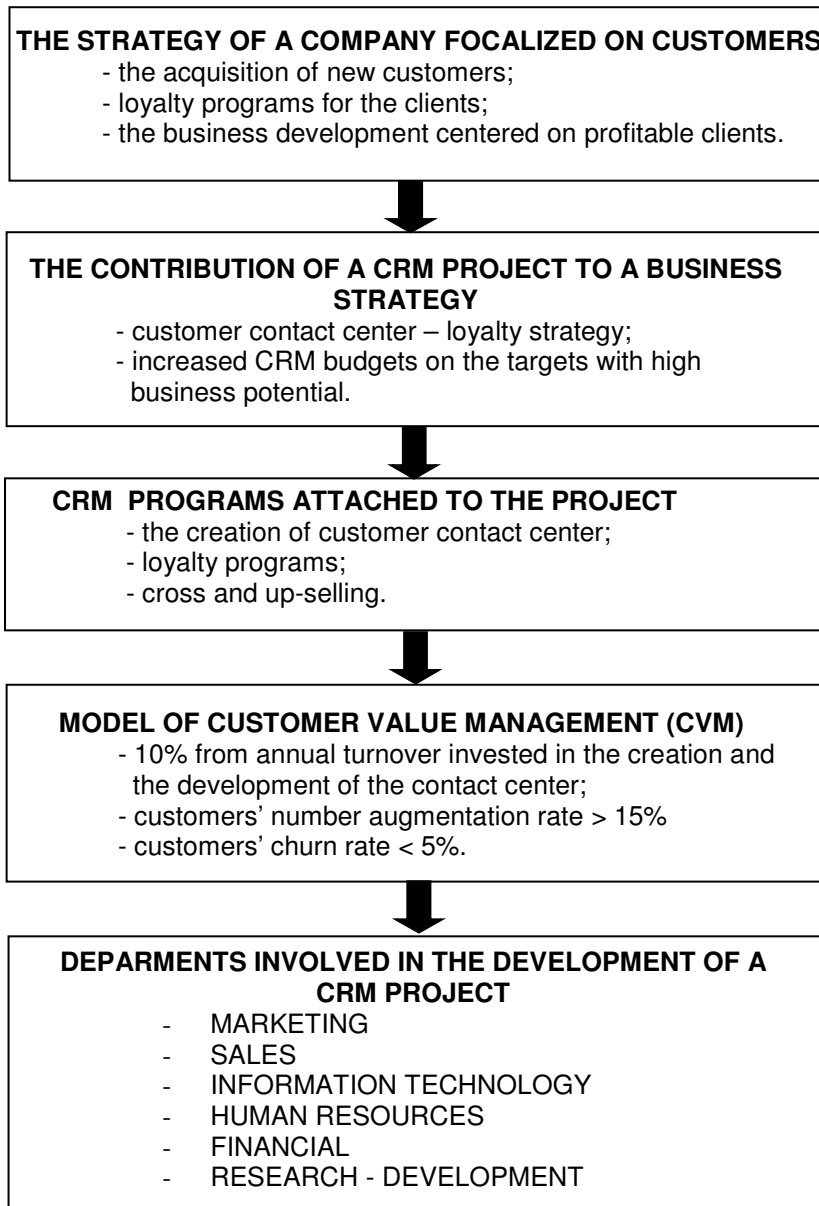
A CRM project supposes three stages: the first stage consists of the project planning, in which there are established the objectives, the project manager is recruited, there are defined the tasks of all the participants and there are established performance standards from customer value management point of view; the second stage involves the effective development of the project, in which the project manager analyze the achievement of the deadlines for different activities, and the third stage implies the evaluation of the project efficiency and its contribution to the global strategy of the organization.

The complexity of a CRM project can be determined in function of two dimensions:

- *the number of departments involved in the project*; if the fundamental goal in a CRM project is to realize the customers' portfolio targeting, in view to personalize the offers with the help of specialized software, the involvement of marketing department and IT specialists is enough; otherwise, if the goal supposes the customer behaviour foresight, the multidimensional analysis of the information captured after each contact with the clients or the determination of their profitability, we consider that the project must imply a great number of departments;
- *the number of CRM system components* – refers to the subsystems that will be incorporated in the CRM system (customer transaction processing system, on-line communication system, promotion and loyalty programs management information system, data warehouse management system that allow the multidimensional analysis of information about customers, etc.)

The more the number of the departments involved in the project and the components of CRM system is greater, the better the project will provide a real support for business processes centered on the full

satisfaction of the customers' needs and exigencies.



**Figure 1. The implications of a CRM project in a business strategy**

### **The selection of the CRM project manager and the creation of the teamwork**

The selection of the CRM project manager represents a difficult task for the management of a company oriented

to customers; the selection process will be realized by the specialists in Human Resources and deciders of the top management. The major responsibilities of the project managers include: the achievement of the goal using available

resources, in the conditions of time, budget and technologies constraints, the negotiation with every manager from the departments involved in the project in view to eliminate the appearance of the resources over allocation, fast decision making process when the project manager observes perturbations in the development of the project and the resolution of all kind of potential conflict state, because a CRM project joins specialists whose interests can be disaccording.

The best implementations of CRM projects can be obtained when the team has competences and abilities in four main competence zones.

The first competence zone is the *reengineering* that signifies the restructuring of all the processes involved by the CRM project in order to realize the actions exceptionally. It requires to any organization to transform radically the essential components of the business. The success key is the mentality to change the actual state of facts from the part of the teamwork members.

The second competences zone consists of the *system personalization*. Regardless of the CRM solution, it is always necessary a certain personalization level. The improvement of the CRM applications is critical in order to obtain the acceptance of the final user and it represents a task entrusted to experimented software programmers.

The third competence zone refers to the *integration of CRM in the entire organization*, particularly if it is focalized to the mobile users. This requirement implies that IT specialists must correctly dimension the network, sustain the installation of applications on users' workstations and assure a strategy concerning data synchronization.

The fourth zone determines the implementation support of the CRM system, in which the companies must analyze the appropriated competences. The implementation of the new systems

implies a new manner of work for the employees. The change management vocations in the teamwork and an adequate technical assistance are necessary in view to help the users in the transition to the new manner of work.

The departments of a company that can offer a real support for a CRM project are: Sales, Marketing, Financial, Human Resources, Research-Development and Information Technology.

*Sales Department* must manage the activities with sales automation systems [5], in order to identify the sales opportunities basing on the needs that are partially satisfied by the competitors and to register information about the sales process, which will be exploited in a CRM strategy. The employees from this department involved into a CRM project use the information technology in order to manage the sales for key account customers, to register the sales opportunities, to organize the contact lists and to forecast the sales on short term.

Sales automation supposes the optimization of the employees' tasks from sales department, like: potential and effective customer management, leads processing, stock control, sales foresight.

The action lines of a sales automation system in a CRM project are [6]:

- *the orientation towards transaction of the sales process* – by the means of software applications, it allows the gathering of data from sales representatives and a better development of the customer relationships;
- *the interconnection of sales processes* – we must outline the links created between marketing, sales and customer support activities. This process is very important in view to reduce sales-delivery cycle and the increase of stock rotation speed;

- *the creation of a database* – the sales automation generates more efficient activities, increasing the success rate and the value of contracts concluded. In the same time, the access of the managers to this database streamlines the activities because they can take decisions in real time.

*Marketing Department* can use the information and communication technology for the achievement of new customers and loyalty programs, the commercial presentations on websites representing efficient promotion techniques in e-business. The marketing specialists involved in a CRM project can initiate other actions, like the creation of loyalty strategies, foresight of customer behaviour, the value analysis of different customer targets, the optimization of distribution channels, the offers' personalization, in view to obtain an efficient customer response.

The main objectives of a CRM project from marketing department point of view are the following.

#### *A high loyalty rate*

Every marketing manager is aware by the fact that customers' migration towards the competitors generates significant losses of potential revenues and the return on investment becomes impossible. Actually, the companies use sophisticated predictive technologies that emphasize the customers disposed to migrate towards the competition; the decrease of this risk can be obtained by the means of personalized marketing actions oriented to the motivation of this customer category.

#### *Customers behaviour foresight*

In the actual conditions in which marketing managers pursue the customers' needs anticipation, their behavior foresight becomes a major responsibility. The customers' behaviour modelling is based on the following aspects: web shopping cart analysis and customer consumption tendency, the observation of recurring acquisitions, the analysis and the

evaluation of the marketing mix practiced in different periods of time.

#### *Customers value modelling and the determination of their profitability*

The processing of a great volume of data concerning the previous acquisitions and the high cost of the CRM software applications don't represent obstacles that prevent from building customer value management programs, on every stage of their lifetime cycle: the acquisition of the new customers, the development of loyalty programs and the development in time of the relationships with profitable customers.

#### *The optimization of customer communication channels*

The evolution of the customers' preferences has an effect on the choice of the most efficient communication channel. The accomplishment of a marketing communication by the means of multiple channels (off-line and on-line) generates an augmentation of the relationships interactivity between a company and its customers.

#### *The high personalization level of marketing messages*

The personalization represents the capability of a company to adapt its marketing communication to the individual preferences of the customers. The personalization technologies applicable to the databases and websites access the information obtained with the agreement of customers, respecting the principle of the permission marketing and use them in view to create offers tailored to each customer segment.

#### *Up-selling achievement*

One of the most important goals followed by the marketing managers consists in the turning to account of the up-selling opportunities, which offer a clear image on the products or services that succeed to determine the growth of customers' profitability. The understanding of the way in which customers react to the promotions

concerning up-selling represent one of the CRM project evaluation conditions.

The employees from *Financial Department* involved in a CRM project must provide reports concerning the profitability of the customers in every stage of their lifecycle, to present the costs involved by a CRM strategy, related to the revenues estimated. The main indicators that must be determined in a CRM project are: acquisition and retention rate, customer profitability rate and the return on investments realized in the optimization of customer relationships.

As well, the development of the CRM project must offer the possibility to pursue its activities on profit centers, generating the reports necessary for a professional management, like: cash-flow analysis, sales analysis comparative to investments, the classification of the customers in function of the turnover generated as a result of transactions, sales analysis on groups and subgroups of products.

*IT specialists* create the infrastructure of the CRM information system and are responsible for the good function of the system and information flows. The main tasks of the IT specialists are: the design of CRM system components at strategic, tactical and operational level, in function of its final users needs, the acquisition of hardware equipments and the implementation of software applications, the network configuration, the system testing, the training of its users and the creation of a plan that can monitor, evaluate and update the information system components.

In the case in an organization it doesn't exist an IT department; the manager can turn to the services of a specialized company providing IT expertise.

The success of a CRM project also depends on the efficient collaboration between IT specialists and the employees of the other departments involved in the project; in the case there

are opinion divergences, the project manager must solve them quickly.

The main role of the specialists from *Human Resources Department* involved in a CRM project is the development of the training programs for all the participants to the project, that contribute to the formation of an attitude concerning the orientation to the total satisfaction of the customers needs.

In the same time, the recruitment and selection of the project manager and the members of the teamwork represent major responsibilities for the human resources specialists; in the final stage of the CRM project, the employees from this department must establish the rewards for the project manager and the members of team corresponding to their contribution to the performances.

The *Research-Development Department* must contribute to a CRM project, by conceiving innovative products or services that exceed the demands of the customers; the innovation capacity is a factor that leads to the customers' acquisition and loyalty.

Traditionally, the innovation concept is associated to the new products or technologies. The new competition environment imposes the innovation process oriented towards customers – "*customer innovation*", that refers to the concepts and practices that help companies to react to the challenges generated by the augmentation of customers' exigencies. In a CRM project, the innovation process focalized on customers represents the way by the means of the knowledge from the customer mind is transformed in experiences they are looking for.

In order to appreciate the efficiency of a CRM strategy, an important role is played by the feedback provided by the customers, which reveals if the goals were achieved. The analysis of customer responses to the initiatives in the CRM domain

represents one of the most difficult tasks for the project team.

### **The evaluation of CRM project efficiency**

We emphasize in the table 1 some relevant evaluation factors for a CRM project that can lead to the increase of its efficiency.

**Table 1**

**Modalities regarding the CRM project efficiency evaluation**

<b>Evaluation factors for a CRM project</b>	<b>Examples</b>
1. Long term value of a project	It is estimated that the application of a CRM project in a company will lead to a growth with x% of the offer acceptance rate, which is the equivalent of an average increase of revenues with more then y% annually.
2. The adhesion of the CRM project goals to the company's objectives	The top management of a company appreciates that the CRM project application will allow the achievement of the fundamental objective that consists in the augmentation of the market share, by the means of the campaigns focalized on the reduction of the churn rate and the increase of the new customer acquisition rate.
3. The ability of the project to provide ECR (Efficient Consumer Response)	The implementation of a CRM project will determine the practice of personalized customer relationships.

### **Opportunities offered by the implementation of a CRM project**

The Romanian organizations must rapidly adapt themselves to the global trend to focus on CRM business strategies to get through the competition of multinational companies that successfully apply the principles of this approach. There is much confusion regarding this concept in numerous Romanian companies. For some of them, CRM means only the implementation of loyalty programs, for others – the creation of a database storing customer information, with the help of which there can be accomplished a clearer segmentation of the market, but few of them have implemented CRM integrated systems and have a clear idea of how to use the IT in CRM campaigns.

The choice of a CRM solution in an organization depends on the top

management decisions. The efficiency of a company is directly related to the way in which it is capable to manage information and transform them into knowledge. The main cause that prevents from creating CRM systems is to assign reduced amounts of money from companies' budgets in order to accomplish an objective, which is due to most of the Romanian managers' mentality, which have a short term vision and are focused on the financial dimension and not on the creation and long term development of customer relationships.

The implementation of a CRM project can lead to spectacular results as a consequence of the factors mentioned below.

*The information about customers represents a valuable resource for a company.* Every organization manages the information about its customers in

view to develop the business strategy or to increase the profit. Instead of the companies attend the customers initiatives offer results, the successfully companies recognize the power of information provided by its customers and manage it efficiently.

*A CRM project represents a catalyser for the integration of providers and customer data.* Every organization must understand better the customers' experiences, integrating data both from customers and providers. In view to stimulate the innovative development of the new products, more than 50% of the companies use actively integrated data.

*Change management is essential in order to obtain the attended results.* In order to assure the efficiency of the customer orientation approach, many companies implemented a significant number of change management beside the CRM strategy.

*The optimization of the strategy leads to a growth of the investment profitability.* Researches in this direction

outline the fact the investment in CRM is efficient and there are sufficient opportunities to optimize the CRM efforts. By the implementation of a strategic plan focalized on the differentiated approach of the customers and the improvement of the interactions processes, every organization can optimize its CRM efforts. We consider that the goal of the customer relationship management is to bring the offer to the level of customers' needs and expectations.

The objectives of a CRM project are multiple and refer to: the improvement of the sales efficiency, the augmentation of customers' loyalty rate, real time information delivering, the improvement of the services' quality, the increase of revenues, the support of sales team, the improvement of the communication, marketing efficiency and sales management, the growth of sales margin and the decrease of the costs associated to sales.

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